

# EXHIBIT C

U. S. DEPARTMENT OF AGRICULTURE  
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION Texas 155 San Miguel

THE WITHIN Coordination Contract dated June 7, 1978,  
between the San Miguel Electric Cooperative, Inc.,  
the Brazos Electric Power Cooperative, Inc. (TX 121)  
and the South Texas Electric Cooperative, Inc. (TX 148)

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE  
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE  
PURPOSES OF SUCH CONTRACT.

  
\_\_\_\_\_  
FOR THE ADMINISTRATOR

DATED

*July 31, 1978*

Coordination Contract

THIS AGREEMENT, made the 7<sup>th</sup> day of JUNE, 1978, by and between Brazos Electric Power Cooperative, Inc., a Texas Corporation, hereinafter called "Brazos," South Texas Electric Cooperative, Inc., a Texas Corporation, hereinafter called "STEC" and San Miguel Electric Cooperative, Inc., a Texas Corporation, hereinafter called "San Miguel." Such party or parties are herein referred to individually as a "Party" or collectively as "Parties."

0.01 WHEREAS, San Miguel is a power supply cooperative which has as its membership two power supply cooperatives, Brazos and STEC, and twenty-four distribution cooperatives, and its membership is open to other distribution cooperatives that are now or may in the future become a member of either Brazos or STEC; and

0.02 WHEREAS, Brazos and STEC have, by contracts of even date herewith made individually with San Miguel, contracted to individually purchase a fifty percent (50%) share of the total net capacity and net energy output of the Project, as therein defined, subject to adjustment upon approval of the Administrator of the Rural Electrification Administration; and

0.03 WHEREAS, Brazos is an operating utility in the State of Texas, with approximately 544 MW of generation and 2000 miles of 69 kV and 138 kV transmission line, being a member of the Electric Reliability Council of Texas, the Texas Interconnected System, the North Texas Interconnected System Security Center, and the Texas Municipal Power Pool for which Brazos performs dispatching services, having responsibility for supplying power and energy to nineteen member distribution cooperatives and to certain municipal systems, and having the obligation and responsibility to coordinate operations with adjacent utilities and Texas Interconnected System members; and

0.04 WHEREAS, STEC is an operating utility in the State of Texas with approximately 45 MW of generation and 940 miles of 69 kV and 138 kV transmission line, being a member of the Electric Reliability Council of Texas, the Texas Interconnected System, the South Texas Interconnected System Security Center, and the STEC-MEC Pool for which STEC performs dispatching services, having responsibility for supplying power and energy to six member distribution cooperatives, and having the obligation and responsibility to coordinate operations with adjacent utilities and Texas Interconnected System members; and

0.05 WHEREAS, Brazos and STEC each have functioning control areas and dispatch centers where generation is economically dispatched to meet individual load requirements, and where unit commitments and spinning reserves are monitored to fulfill the security and reliability obligations of Brazos and STEC; and

0.06 WHEREAS, Brazos and STEC entered into a Memorandum of Understanding dated February 17, 1977, and an amendment dated March 28, 1977, concerning the construction and operation of the Project.

NOW, THEREFORE, in consideration of the premises contained herein, Brazos, STEC, and San Miguel herewith agree to the following:

#### ARTICLE 1 - DEFINITIONS

1.01 ADMINISTRATOR: The Administrator of the Rural Electrification Administration.

1.02 CONTRACT YEAR: The initial time period from the effective date of this Contract to the following January 1, and thereafter from January 1 through December 31 of each calendar year during the term of the Contract.

1.03 DATE OF COMMERCIAL OPERATION: The date when the generating plant is operating as an electric generating source, in accordance with electric utility standards for new generating units, as determined by San Miguel.

1.04 MINIMUM NET GENERATION: The lowest continuous net power output at which the generating plant can be reliably maintained in service.

1.05 NET GENERATING CAPABILITY: The maximum continuous output capacity of the generating plant at the interconnections between the generating plant switchyard and the transmission facilities of Brazos and STEC. The value is to be determined by test from time to time and established for each Contract Year.

1.06 OPERATING COMMITTEE: A committee with a representative from each of the parties hereto with duties as described in Article 3 of this Contract.

1.07 PROJECT: The San Miguel facilities which are:

a) a nominal 400 MW nameplate single unit electric generating plant including turbine generator, boiler, cooling tower, flue gas cleaning system, sulphur removal system, ash and sludge removal equipment, plant auxiliary and control systems, and related facilities,

b) a 345 kV and 138 kV switchyard including a transmission line to the lignite mine and four 138 kV line terminals for STEC and two 345 kV line terminals for Brazos,

c) a lignite mine with reserves, equipment and facilities,

d) railroads, roads, administrative and service buildings and facilities for construction, maintenance and operation related to the foregoing.

1.08 PROJECT CAPACITY: The net capacity and net energy output of the Project.

1.09 REA: The Rural Electrification Administration.

## ARTICLE 2 - PERCENT SHARE OF PROJECT CAPACITY

### 2.01 INCREASE IN PERCENT TO BRAZOS AND DECREASE TO STEC:

Article 2 of the Wholesale Power Contracts of even date herewith made individually with San Miguel by Brazos and STEC contemplates increases and decreases in the Brazos and STEC percent share of the Project Capacity.

For the below listed Contract Years the respective percent shares of the Project Capacity shall be:

<u>CONTRACT YEAR</u>	<u>BRAZOS</u>	<u>STEC</u>
1980	71.75	28.25
1981	67.50	32.50
1982	67.50	32.50
1983	65.00	35.00
1984	61.25	38.75

For each of the Contract Years beginning January 1, 1985 through the Contract Year beginning ten years after the Date of Commercial Operation or the Contract Year beginning January 1, 1990, whichever is later, STEC will, by October 1 of the fifth year preceding such Contract Year, inform San Miguel and Brazos of the percent share of the Project Capacity that it will take. Except as herein provided, the percent share of Project Capacity to be taken by STEC in any Contract Year shall 1) equal or exceed the percent share to be taken by STEC during the immediate preceding Contract Year and 2) not exceed fifty percent. STEC shall, subject to the above, determine the percent share of the Project Capacity that it will take each Contract Year by using Appendix A.

For the Contract Year beginning January 1, 1991 or the Contract Year beginning eleven years after the Date of Commercial Operation, whichever is later, and for all Contract Years thereafter, STEC's percent share of the Project Capacity shall be the same as it was for the immediate preceding Contract Year.

Brazos percent share of the Project Capacity in any Contract Year shall equal the difference between STEC's percent share of Project Capacity and Project Capacity.

2.02 MUTUAL INCREASES AND DECREASES IN PERCENT SHARE OF PROJECT CAPACITY:

a) If by October 1 of any year Brazos and STEC determine that it would be to their mutual benefit if their percent shares of the Project Capacity were adjusted for the immediately following Contract Year, they shall jointly inform San Miguel and the Administrator of the proposed changes. The proposed changes shall be effective unless disapproved by the Administrator within forty-five days.

b) At any time, and if in accordance with San Miguel dispatching procedures, either Brazos or STEC may release to the other a portion of its net energy output of the Project if the other agrees to purchase such energy.

ARTICLE 3 - OPERATING COMMITTEE

The parties hereto shall establish an Operating Committee composed of the general managers of Brazos, STEC and San Miguel, or their designated representatives. The Operating Committee, among other things, shall:

a) Develop and coordinate procedures for the scheduling of power and energy from the Project.

b) Coordinate maintenance schedules.

c) Coordinate procedures for switching operations on the interconnecting transmission facilities.

d) Coordinate and develop guides for the handling of inadvertent flows.

e) Coordinate operating procedures for interconnecting facilities.

f) Coordinate accounting and billing procedures for the Project.

Regular meetings of the Operating Committee shall be held at least twice each year on approximate 1/2 year intervals. Special meetings may be called at any time by any party hereto, by providing the other parties hereto seven days written notice of such meeting. All meetings shall be held at the offices of San Miguel, unless an alternate location is mutually selected.

#### ARTICLE 4 - STATION POWER FOR THE PROJECT

During periods when the generating plant is not producing sufficient power and energy to supply the requirements of the Project, Brazos and STEC shall supply power for the Project. Details of this arrangement including proportioning the amount to be supplied by Brazos and STEC, method of payment and accounting procedures shall be the responsibility of the Operating Committee.

#### ARTICLE 5 - MINIMUM NET GENERATION

The percent of Minimum Net Generation which Brazos and STEC shall each be obligated to schedule shall be at least as great as the percent of Project Capacity for which each is responsible during that Contract Year. In the event that only Brazos or STEC schedules a percent of Minimum Net Generation which exceeds the percent of Minimum Net Generation it is obligated to schedule, the other shall, at its request and with the concurrence of San Miguel, be excused from its schedule to the extent that Minimum Net Generation is maintained.

#### ARTICLE 6 - GENERAL PROVISIONS

6.01 NOTICES: Any notices, demands or requests required or authorized by the Contract shall be deemed properly given if mailed, postage paid as follows:

To San Miguel - Attention: General Manager  
San Miguel Electric Cooperative, Inc.  
P. O. Box 280  
Jourdanton, Texas 78026

To Brazos - Attention: General Manager  
Brazos Electric Power Cooperative, Inc.  
P. O. Box 6296  
Waco, Texas 76706

To STEC - Attention: General Manager  
South Texas Electric Cooperative, Inc.  
Route 6, Building 102  
Victoria, Texas 77901

6.02 SUCCESSORS AND ASSIGNS: This Contract shall be binding upon the respective parties hereto, their successors and assigns, on and after the effective date hereof.



6.03 TERM OF AGREEMENT: This Contract shall continue in full force and effect until June 30, 2020, and thereafter until terminated by any party's giving to the other parties not less than four years written notice of its intention to terminate.

6.04 REA APPROVAL: This Contract and any amendments shall become effective only upon approval by the Administrator. The date of approval by the Administrator shall be the effective date of the Contract or any amendment.

6.05 SEVERABILITY: The invalidity of any one or more phrases, clauses, sentences, paragraphs, or provisions of this Contract shall not affect the remaining portions of this Contract.

6.06 EXECUTION: In witness whereof, the parties hereto have caused this Contract to be executed and attested by their duly authorized officers as of the day and year first above written.

(SEAL)

BRAZOS ELECTRIC POWER COOPERATIVE, INC.

Attest: Robert W. Bunting  
Secretary

By: Curtis S. Maynard  
Curtis Maynard, President

(SEAL)

SOUTH TEXAS ELECTRIC COOPERATIVE, INC.

Attest: Burt O'Connell  
Secretary

By: S. F. Ruschaupt, Jr.  
S. F. Ruschaupt, Jr., President

(SEAL)

SAN MIGUEL ELECTRIC COOPERATIVE, INC.

Attest: Robbie E. Sullivan  
Secretary

By: Mac A. Coalson  
Mac A. Coalson, President



EXHIBIT A

SAN MIGUEL PROJECT COORDINATION CONTRACT

Calculation of the percent share to be taken by STEC in accordance with Section 2.01 of the Contract.

For Contract Year \_\_\_\_\_

A. Capacity Needs (1)

STEC Peak demand - MW

MEC (2) Peak demand - MW

Total (Undiversified - MW)

Total diversified - MW

Reserve Requirements - MW

(TIS Requirement - %)

Total Capacity Responsibility - MW

B. Capacity Resources (3) w/o

San Miguel

STEC Rayburn Plant - MW

MEC Pearsall Plant - MW

Amistad/Falcon - MW

Total - MW

C. STEC Deficit w/o San Miguel

Project Capacity (A-B) - MW

D. STEC Deficit as Percent of San Miguel Project ( $C \div$  Project Net Generating Capability)

SOUTH TEXAS ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_

Date: \_\_\_\_\_

- (1) From the STEC - MEC power requirements studies dated \_\_\_\_\_ Approved by REA \_\_\_\_\_
- (2) Medina Electric Cooperative, Inc.
- (3) Plant capacities are tested net capabilities